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**Docket No 22-RENEW-01 Capstone Green Energy Comments--
DEBA Program Guidelines**

Additional submitted attachment is included below.

California Energy Commission
Docket Unit, MS-4
Docket No. 22-RENEW-01
715 P Street
Sacramento, CA 95814

Re: Capstone Green Energy Comments--DEBA Program Guidelines

Capstone Green Energy ("Capstone"), a Van Nuys, California-based manufacturer, and the world's leading producer of low-emission microturbine systems, is pleased to see the Distributed Electricity Backup Assets (DEBA) Program moving forward once again. We believe this program will have substantial benefits for capacity and reliability of the California electric grid by encouraging end users to invest in their own on-site power generation equipment. Capstone applauds the overall program objectives and has feedback on several specific areas for improvement to simplify the application and evaluation process as well as clarify the measurement and verification approach. The following are our suggestions related to the Distributed Resources portion of the program:

- Substitute the Screening Criteria and associated scoring by an evaluation committee with a fixed set of program requirements. As long as the proposed project meets the eligibility criteria it should not matter which of the allowable generation technologies are proposed or how much the project actually costs. Furthermore, given the stated desire to ensure additional power is available at least from 4:00 p.m. to 10:00 p.m., the requirement should be that the basis for the grant is a fixed kW output for at least six (6) hours, not two-to-four hours. Using this approach, the grant funding can be simply set using a fixed dollar amount per kW of contracted power (for example, a \$2,000 per kW total grant value would be reasonable, which would lead to an additional 223MW of grid available capacity given the \$445,000,000 proposed funding). We feel this approach will both accelerate adoption (approval) of potential projects as well as reduce program expense.
- Measurement and Verification: Related to the first point, requirements for how to confirm grid support when requested by the associated electric utility should be defined rather than having to be evaluated by a committee for each application. It is our understanding that the objective of this program is to encourage additional on-site generation rather than just a demand response load shedding program. While an applicant may effectively commit to reducing on-site loads to allow some or all of their on-site generation capacity to be available to the grid, the simplest way to quantify this is how much power and energy were in fact provided to the grid when requested to do so. There are already approved metering devices as part of the Self Generation Incentive Program (SGIP) that could be the basis for this measurement. When a request for additional power is given to a specific site, the metering device can record the time interval and amount of power and energy for each event to confirm performance.

One important consideration is that many of the eligible distributed resources technologies typically are not allowed to export under California Electric Rule 21 interconnection requirements. While we suggest this is an area for further revision of the Rule 21 protection options, an interim approach could be to allow use of appropriate protective relays that offer multiple reverse power setpoints based on hardwired or communications inputs. Whichever way the utility request for additional power is delivered to the end user site, the protective relay could manually or automatically temporarily allow reverse feed up to the agreed contract amount. While there may be tariff issues related to this specific event-dependent reverse power amount, it may be simplest to just leave the otherwise applicable tariff structure in place and allow some additional credit for these reverse kWh.

- Publicly owned utility service territory and disadvantaged communities: Since the program goals are to award at least 25% of the available funds to each of these categories, we suggest that the application process include which of these apply for a given project and then utilize funds from the respective portion until they are depleted. Once these dedicated funding amounts are spoken for, future applications for each of these categories would utilize the remaining 50% of funding along with projects that do not fit into either category.
- Grant payout schedule: While the overall payout amount should have a positive impact to help justify end user investment in power generation equipment, a larger initial payment percentage would incentivize greater participation. Increasing the first-year performance percentage may also provide incentive to help guarantee a reliable system is in place.

Capstone also supports past comments by the Microgrid Resource Coalition and others who support a more standardized programmatic framework that provides incentives that are based on clear performance metrics and criteria, instead of a Grant Funding Opportunity (“GFO”) structure. The GFO model as proposed would be structured like one-off grants, with evaluation of each project individually on a set of criteria versus a program set up with a clear set of performance-based standards (which we believe should be the case for a program that is meant to provide reliability services in emergencies). The GFO framework would also be very administratively burdensome. Similarly, Capstone advises against undue complexity in subsequent payment processes to ensure continued participation of available resources.

Sincerely,



Jen Derstine, Vice President, Marketing & Distribution
Capstone Green Energy